

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 20, 2007
POSITION: Neutral
SPONSOR: Sacramento Area Flood Control Agency

BILL NUMBER: SB 276
AUTHOR: D. Steinberg

BILL SUMMARY: Sacramento Area Flood Control Projects

This bill would: (1) modify existing law authorizing state participation in the Folsom Dam Modifications Project by revising the definition of the project to include an addendum to the project plan, (2) modify the definition of an existing flood control project along the American and Sacramento Rivers, (3) authorize, under specified conditions, advances made for flood control project features not yet authorized by Congress, and (4) clarify that cost sharing rules in effect for these projects at the time of initial federal authorization would remain in effect if the projects are re-authorized.

FISCAL SUMMARY

The Department of Water Resources (DWR) indicates the February 2007 U.S. Army Corps of Engineers draft Post Authorization Change Report on the Folsom Dam Modifications Project estimates total project costs of \$683 million, of which the state's share would be \$167 million, federal share \$444 million, and local share \$72 million. Future costs to the state would be approximately \$147.5 million, and the future local share would be approximately \$67 million.

In addition to the Folsom Dam Modifications project, the 2007 California Five-Year Infrastructure Plan includes \$77 million (including state, local, and federal funds) for flood control projects in the American River Watershed covered in this bill. It is unclear whether this level of funding will be sufficient to provide a 200-year level of flood protection as called for in the April 19, 2007 SAFCA engineer's report.

We note that Proposition 1E, approved by the voters in 2006, provides \$4.1 billion for flood control projects. The projects identified in this bill would be funded from Proposition 1E funds, which is consistent with the Administration's Proposition 1E expenditure plan.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the February 15, 2007 (Introduced) version include the following significant amendments which do not change our position:

- Provisions have been added to modify an existing project for flood control along the American and Sacramento Rivers to provide a 200-year level of flood protection in the American River Watershed consistent with an April 19, 2007 engineer's report adopted by the Sacramento Area Flood Control Agency. The report added project features to meet the project's original intended level of flood protection using current engineering standards.
- Provisions have been added to clarify existing law by establishing that cost sharing rules in effect at the time of initial federal authorization remain in effect even when the project is reauthorized by Congress because of increased costs to meet original project goals.

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Analyst/Principal (0631) M. Almy	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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D. Steinberg

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SUMMARY OF CHANGES (Continued)

- Provisions have been added to authorize advances made for project features not yet authorized by Congress if the Reclamation Board receives a written determination by the federal government that the project features will likely be authorized by Congress and, if so authorized, the advances will be eligible for credit toward the nonfederal cost share of the project.

COMMENTS

Finance is neutral on this bill because these projects have been identified as important components for flood protection in the Sacramento area, there is significant cost sharing by the federal government and the Sacramento Area Flood Control Agency, and Proposition 1E bond funds are available to fund the state's cost share.

The 2006 Budget Act (Chapters 47 and 48, Statutes of 2006) includes \$19.5 million General Fund for the state's share of the Folsom Dam Modifications Project. Other projects relating to the Folsom Dam are the Folsom Dam Raise and the Folsom Bridge Replacement projects. Proposition 1E provides funding for flood control projects, and caps funding for any one flood control project at \$200 million, excluding authorized flood control improvements to Folsom Dam.

This bill would clarify cost sharing rules for specified projects. Projects covered by this bill include the Folsom Dam Modifications project, South Sacramento Streams project, and projects on the Sacramento and American Rivers that were authorized in 1999. Cost sharing rules in effect at that time specified that the state would pay 70 percent of non-federal project costs. For projects authorized January 2002 and after, the state pays between 50 and 70 percent of non-federal project costs, depending on whether the projects include certain enhancements. This bill would specify the state would pay 70 percent of the non-federal project costs, even if the projects are subsequently re-authorized by Congress to recognize higher costs or changes in project features to meet the project's original flood control objectives.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
3860/Water Res	CO	No		--	C	\$147,500		--	6052
3860/Water Res	CO	No		--	C	\$67,000		--	0995

<u>Fund Code</u>	<u>Title</u>
0995	Reimbursements
6052	DisasterPreparedness/FloodPreventionBond